

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 SSO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 SS-15 STR-04
CEA-01 L-03 H-01 PA-01 PRS-01 NSCE-00 INRE-00
USIE-00 /075 R

DRAFTED BY TREAS:TLEDDY
APPROVED BY EUR:EROWELL
TREAS:AMSOLOMON
TREAS:PO'CONNELL
S/S-O:LRFLEISCHER

-----079498 030416Z /23

O 030305Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY LISBON IMMEDIATE

C O N F I D E N T I A L STATE 211962

E.O. 11652: GDS

TAGS:EFIN,PO

SUBJECT: PORTUGUESE REPAYMENT OF ESF LOAN

REF: (A) LISBON 6824, (B) STATE 210683,
(C) LISBON 6860

1. PLEASE CONVEY TO SILVA LOPES THAT TREASURY IS UNABLE
TO ACCEPT THE REVISED TEXT AS PROVIDED IN REFTEL C.
REVISED TEXT IMPLIES THAT U.S. IS ACCEPTING REPAYMENT
OF DOLLAR LOAN WITH GOLD AND THAT U.S. GOLD HOLDINGS
WILL INCREASE AS A RESULT OF ESF CREDIT ARRANGEMENT
WITH PORTUGAL.

2. AS INDICATED IN REFTEL B, ESF ARRANGEMENT HAS BEEN
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EXPLAINED IN DETAIL TO CONGRESS. IN ADDITION, THERE
HAS BEEN CONSIDERABLE PRESS INTEREST IN MOVEMENT OF GOLD
IN TREASURY ACCOUNTS (I.E., FROM TREASURY GENERAL ACCOUNT
TO THE ESF) AS CONSEQUENCE ESF TRANSACTIONS WITH PORTUGAL,
AND THIS INTEREST WILL BE REVIVED WHEN REPAYMENT IS
EFFECTED AND THESE EARLIER MOVEMENTS ARE REVERSED. ANY
STATEMENTS BY PORTUGAL THAT IMPLY U.S. HAS ENTERED INTO

GOLD COLLATERAL LOAN, THAT U.S. HAS ACCEPTED GOLD IN REPAYMENT OF DOLLAR LOAN, OR THAT U.S. HAS TAKEN OVER

PORTUGUESE GOLD WILL INEVITABLY RAISE QUESTIONS THAT REQUIRE FULL EXPLANATION OF THE TERMS AND PURPOSES OF THE ARRANGEMENT ON OUR PART. THAT IS, WE WILL BE REQUIRED TO EXPLAIN THAT THE ARRANGEMENT INVOLVED RECIPROCAL DEPOSITS OF GOLD ARRANGED IN A WAY DESIGNED TO PERMIT PORTUGAL TO SELL GOLD IN THE MARKET WITHOUT IMMEDIATELY SHOWING IN ITS PUBLISHED STATISTICS A DROP IN GOLD HOLDINGS.

3. FROM OUTSET OF THE ESF ARRANGEMENT, IT HAS BEEN OUR UNDERSTANDING THAT PORTUGAL WOULD MAKE PUBLIC ITS SALES UPON TERMINATION OF THE ARRANGEMENT, AND THAT THE ARRANGEMENT WAS DESIGNED TO MEET PORTUGUESE SENSITIVITIES ON TIMING OF ANNOUNCEMENT OF SALES TO THE MARKET. WE THINK IT UNLIKELY THAT DISCLOSURE OF THESE SALES CAN BE DELAYED MUCH LONGER, AND WE THINK IT WOULD BE PREFERABLE FOR THE EXPLANATIONS TO COME FROM THE PORTUGUESE SIDE. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOANS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE211962
Document Source: CORE
Document Unique ID: 00
Drafter: TLEDDY
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770319-0897
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770998/aaaadexs.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b33dfb4d-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1389345
Secure: OPEN
Status: NATIVE
Subject: PORTUGUESE REPAYMENT OF ESF LOAN
TAGS: EFIN, PO, US
To: LISBON
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b33dfb4d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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